

## Message Text

CONFIDENTIAL

PAGE 01 TOKYO 15617 291011Z

17

ACTION EB-04

INFO OCT-01 SS-04 ISO-00 NSC-04 NSCE-00 INR-01 CIAE-00

TRSE-00 RSC-01 /015 W

----- 025780

R 290933Z NOV 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 6393

INFO USMISSION EC BRUSSELS

AMEMBASSY PARIS

C O N F I D E N T I A L TOKYO 15617

LIMDIS GREENBACK

E.O. 11652: GDS

TAGS: EFIN, JA

SUBJECT: JAPANESE VIEWS ON EXPORT CREDIT

GENTLEMEN'S AGREEMENT

REF: EC BRUSSELS 9267

PASS TREASURY FOR PELIKAN

SUMMARY: GOJ WILL PARTICIPATE IN EXPERTS GROUP MEETING  
ON DEC. 5-6, IS WELL BRIEFED ON EC COORDINATING GROUP WORK,  
IS LOOKING FORWARD TO U.S. DRAFT, BUT DOES NOT PLAN TO TABLE  
ITS OWN PROPOSALS AT MEETING.

1. MOF DEP DIR SAGAMI SAID GOJ IS PLANNING TO ATTEND  
FORTHCOMING MEEING AND DELEGATION LIKELY TO BE AS FOLLOWS:  
OYAKE FROM MOFA, TSUKUDA FROM MITI, AND IGARASHI FROM MOF.  
GOJ POSITION REMAINS ESSENTIALLY UNCHANGED AND MITI  
CONTINUES TO TAKE TOUGH LINE. FINATT STRESSED IMPORTANCE  
U.S. PLACES ON HAVING GOJ A SIGNATORY AND ON NEED FOR EARLY  
COMPLETION OF AGREEMENT.

2. INTEREST RATES - MOF CONTENTS THAT 7.5 PERCENT MINI-  
MUM IN RECENT WASHINGTON AGREEMENT IS HIGH ENOUGH AND  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 TOKYO 15617 291011Z

WILL RESIST ANY INCREASE. MOF CITES FURTHER DROP IN

U.S. PRIME RATE FAR BELOW 10 PERCENT AS REASON FOR NOT SETTING RATE DURING PRESENT TRANSITIONAL RATE PERIOD. MOF OFFICIALS CONCEDED THAT MARKET RATES EVEN IN JAPAN CURRENTLY REMAIN WELL ABOVE 7.5 PERCENT. MOF ALSO AGAINST PRINCIPLE OF DUAL RATES, ONE FOR RICH COUNTRIES AND ONE FOR LDC'S (ALTHOUGH IT ACCEPTS PRINCIPLE WHEN APPLICABLE TO LENGTH OF CREDIT). MOF ALSO OPPOSED TO ESTABLISHING MIXED RATE BECAUSE OF COMPLICATION OF ENSURING THAT, EXPOST, AVERAGE MIXED RATE OVER A PERIOD OF TIME IS NOT BELOW ESTABLISHED MINIMUM.

3. LENGTH OF CREDITS: GOJ ACCEPTS FIRST EC DRAFT TERMS OF 10 YEARS FOR LOW PER CAPITA GNP COUNTRIES, 8.5 YEARS FOR OTHER COUNTRIES, WITH 5 YEARS FOR CREDITS MEETING CERTAIN CONDITIONS.

4. MIXED CREDITS: GOJ CONTINUES TO WANT THOSE EXCLUDED FROM AGREEMENT. EMBASSY BELIEVES THAT JAPAN DOES NOT FACE SAME SORT OF INSTITUTIONAL PROBLEM AS ITALY AND THAT IF EC AND USG TAKE SAME STRONG COMMON POSITION GOJ MAY EVENTUALLY AGREE.

5. MILITARY CREDITS: GOJ BELIEVES (PHILOSOPHICALLY) THAT THESE SHOULD BE INCLUDED: BUT CONCEDES THAT JAPANESE INDUSTRY WOULD NOT LOSE BUSINESS IF SUCH CREDITS WERE EXCLUDED.

6. LARGE PROJECTS: MITI STICKING TO PREVIOUS POSITION. EVIDENTLY GOJ DID NOT PREVIOUSLY SPELL OUT WHETHER PROPOSED \$100 MILLION LIMITATION APPLIED TO TOTAL COST OF PROJECT OR TO VALUE OF IMPORTED GOODS FOR PROJECT. MOF OFFICIAL CONFIDED THAT MITI MIGHT ACCEPT TERMS OF EC DRAFT WHICH HAD PROPOSED REGULAR TERMS PLUS FOUR YEARS.

7. COMMENT: GOJ CLEARLY REMAINS UNENTHUSIASTIC ABOUT AGREEMENT AND IS LIKELY TO MOVE VERY SLOWLY. HOWEVER, IF FACED WITH FIRM US AND EC POSITIONS, IT MAY EVENTUALLY YIELD ON SOME POINTS. IMPLICATIONS OF US AND EC PROCEEDING WITH AGREEMENT WITHOUT JAPANESE PARTICIPATION NOT ENTIRELY CLEAR TO EMBASSY. IN SUCH SITUATION, WOULD  
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 TOKYO 15617 291011Z

NOT JAPAN BE LEFT FREE TO OFFER LOWER RATES OR BETTER TERMS WHICH US AND EC WOULD THEN PRESUMABLY BE FREE TO MATCH, THUS WEAKENING AGREEMENT?  
HODGSON

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** AGREEMENTS, CREDIT, EXPORTS, POLICIES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 29 NOV 1974  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974TOKYO15617  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D740346-0519  
**From:** TOKYO  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t1974111/aaaaaaauq.tel  
**Line Count:** 111  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EB  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** LIMDIS  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** LIMDIS  
**Reference:** EC BRUSSELS 9267  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** golinofr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 11 APR 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <11 APR 2002 by izenbei0>; APPROVED <14-Aug-2002 by golinofr>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** JAPANESE VIEWS ON EXPORT CREDIT GENTLEMEN'S AGREEMENT  
**TAGS:** EFIN, JA, EEC  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005